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Hamilton & District Labour
Council

L Full employment committee
brief presented to Hamilton
City Council

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Hamilton & District Labour Council

OF THE

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FULL EMPLOYMENT COMMITTEE

BRIEF

PRESENTED TO:

HAMILTON CITY COUNCIL

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It is not a privilege to work in Canada, it is a right. Unemployment has been at a crisis level in Canada for the past several years. We have endured well over a million unemployed for several months and the prospect for any improvement is grim. The response of government to this situation has been to blame the working people of Canada, both employed and unemployed, for the state of affairs and to continue to promote inadequate and at times counterproductive policies. The effect has been to increase unemployment and to further weaken the most useful sector of employment; industrial manufacture.

The crisis of unemployment has not excluded Hamilton from its list of targets. Since October of last year (1977) the number of official unemployed has risen from 11,000 to over 20,000! What is even more disturbing is the news that even more major layoffs are expected. We have twice, in the past six months surveyed our affiliates with respect to their experiences and expectations of layoff or hiring. The following is a Summary of our findings.

In the Construction Industry, the housing market has deteriorated and the level of unemployment in the housing sector of construction is down and is expected to stay down.

Industrial Construction has remained stable due to the expansion of Dofasco's Basic Oxygen Furnace picking up the slack created by the completion of the Refinery Complex at Nanticoke. A pattern of single projects providing the basis of

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employment continues. However, if there is no major industrial project after Dofasco there will be a severe rise in unemployment among Construction workers. Our best information indicates that this will take place.

Our Rubber Workers indicate that employment has remained stable, but that there is no indication that it will remain so.

In the Electrical Industry the slump in housing has taken a heavy toll of Hamilton jobs and shows no sight of improvement, indeed further lay-offs are anticipated. Several bargaining units have reported a 50% drop in size in the past two years. The one area of strength, the heavy electrical equipment market has recently softened and lay-offs have resulted. The total loss of jobs during the past year in our electrical industries has been well over 1,200.

The Glass Industry has remained stable but only due to the closure of a plant in British Columbia. The production was transferred to Donglas in Hamilton but a net loss of over 30 jobs was incurred.

The new model year in the Auto Industry has provided seasonal upswing in employment in our local Auto Parts Industry. The growing inventories on dealers lots casts a large shadow over the present level of employment in the auto parts industry.



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While basic Steel employment has remained stable the steel fabricating Industry reflects the continuing slump in housing with a loss of over 1,000 jobs in the past year.

The news of planned major layoffs at International Harvester and the depletion of their Supplementary Unemployment Benefit Fund have demonstrated that other sectors of our economy are now in serious trouble and that there will be even greater strain on our local social services.

The level of employment in the public service(all levels) have remained unchanged despite the Province-wide loss of several thousand jobs. The loss of jobs resulting from the closure of sections of Chedoke hospital was balanced by the hiring for the new detention center on Barton St. Many public employees fear that Treasurer, McKeough may still force them to join the expanding number of Hamilton unemployed.

As the Dept. of Manpower and Immigration has stated: "An inadequate growth rate in both public and private spending" has resulted in "insufficient demand for the areas output."

While our analysis completed last October clearly revealed that the floundering domestic market was responsible for much of our unemployment, our latest survey indicates that both electrical power developments and agriculture, two extremely vital sectors of our economy, are in trouble and that

no job can be considered secure. Indeed in the last three years, 127,000 jobs have been lost in manufacturing in Canada. The effects of unemployment can be seen in two dimensions; the financial cost and the human suffering.

We have in the past explained the effect of the AIB to reduce spending and have reported that in the past two years over 3 million dollars in buying power was lost by our affiliates. However, the cost of unemployment adds an even more alarming dimension to this picture. We calculate that at least 26 million dollars in buying power was robbed from the Hamilton market by unemployment. This figure is based on the difference between earnings based upon the average wage in Hamilton and the UIC benefits paid out last year. The UIC benefits last year amounted to 20 million dollars and the General Welfare Assistance paid out in the city amounted to approx. 12 million. Thus the cost of unemployment in lost buying power and transfer payments last year was a phenomenal 58 million!! We can only fear what this year will bring.

Lest there be any doubt that we begrudge or regret the necessary payment of UIC and Welfare Benefits, we would only point out that of 16,000 unemployed in Hamilton in February, only 8,000 received UIC benefits! We will discuss the necessity for Universal Guaranteed Income further on. For now, we will only remark that these figures display only the basic financial cost of unemployment, they do not reflect its tragic face.

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The frustration and degradation of unemployment has to be experienced to be fully understood. However, a study prepared by the Joint Economics Committee for the United States Congress shows that "...Unemployment creates stressful situations for laid-off workers and their families... stress has long been recognized as a major contributor to a variety of physical and mental illness." The study also gives an indication of the numbers affected by an increase in unemployment by 1%; "Thus a 1% increase in the unemployment rate sustained over a period of 6 years has been associated(during the past 3 decades)with increases of approximately:

- 36,887 total deaths, including 20,240 cardiovascular deaths
- 920 suicides
- 648 homicides
- 495 deaths from cirrhosis of the liver
- 9,227 state mental hospital admissions
- 3,340 state prison admissions

With these losses to Society in mental and physical health, the costs involved in dealing with these problems and the human tragedy of unemployment, it is shocking that in this Country, governments at all levels continue to allow more individuals to face unemployment. This grim projection indicates that Hamilton will face a need for more and not less social services in the future.

As a final observation on the costs and effects of unemployment it should be noted that the restriction of UIC benefits has tended to increase the load on the municipal General Welfare. Last year over 1,000 people were forced on welfare, there are indications that this is a growing trend. In the light of tightening UIC regulations and enforcement and dwindling job opportunities we feel that the City can anticipate a greater welfare load. To us this is a case of the Federal government pushing the costs of its failure to provide jobs on to the lower levels of government and thus on to the working people. What is needed is progressive tax reform and a truly comprehensive unemployment insurance scheme to insure that those who are responsible for unemployment are assigned the burden.

What are the roots of our unemployment crisis? Are they "high wage demands" and our "excessive level of social security" ? The Hamilton & District Labour Council believes that these are two of the most dangerous myths currently alive in Canada. A study of total compensation wage comparisons completed late last year ranks Canada considerably lower than the U.S.A. as well as below Norway, Denmark, Sweden, and West Germany. According to the National City Bank the average increase in productivity per worker in Canada between 1973-1977 was twice the U.S. level. Yet despite these and other facts

including the new declining average industrial wage in Canada, the Canadian worker is blamed for a situation over which he has no control and which he did not create.

If our level of social service spending is so excessive, then why is it that, according to the Union Bank of Switzerland, unemployment benefits are better in 8 out of 10 western countries; average pensions were higher in 9 other countries, survivors benefits were higher in 9 other countries, and payment to disabled workers was higher in 8 other countries. Maybe it is the high level of public sector wage increases? But according to Labour Canada, the index of compound rate of wage increases from 1967 to 1976 trailed behind the private sector.

It is apparent to us that the attack on public sector employees and on social services is a smoke screen to hide the real causes of unemployment and to divide the working people of Canada.

What are the roots of the unemployment crisis?

We agree that Canada does have a problem competing in the International market. We believe that the reasons for this difficulty lie in the following areas -- energy costs -- interest rates -- and investment patterns. Canada is the only western industrial Country that has actually followed a policy of "world-level" pricing for industrial energy. The United States has yet to adopt this Policy. Japan, Britain, West Germany.

and most of the European Economic Community agree to the policy but yet subsidize energy to industry. Canada alone seems to stand on guard for the energy monopolies at the expense of her manufacturers. While high interest rates would appear to attract foreign investment, the penalty of having to pay the high rate of return has increased our balance of payment deficit by a great deal and resulted in a lack of confidence in such an indebted economy.

The pattern of investment has been to promote branch plants of multinationals geared to serve the Canadian market and not compete internationally. Short production runs and low technology tend to increase unit costs even more effectively than wages. When the domestic market shrinks we then face not a branch plant economy but a warehouse economy, as the multinationals ship out technological innovations developed in Canada and the jobs with them and import production.

If we are to compete on the world market what is needed is an industrial base with a technological capacity and the marketing strategy to compete. We believe that the past 20 years indicates that the multinational corporations are not interested in seeing this occur in Canada and to pursue them to perform this vital task is futile. The multinationals are not alone in their responsibility for unemployment.

We have seen government policies which intentionally create unemployment. The AIB and its successor schemes have done much and will continue to suppress the domestic market which our branch plant economy was designed to service. The taxation policies have shifted the burden from the corporations to the wage earner thus reducing his buying power and again shrinking the domestic market. High interest rates and uncurbed land speculation have taken housing out of the financial grasp of more and more working people.

At the same time government has engaged in increasing give-aways to Corporations, in the belief that this would create employment. Today INCO and its devastation of Sudbury subsidized by the Federal and Provincial governments stand as testimony to the efficacy of this policy. Presently the Provincial government is providing funds to a group of Sudbury businessmen to study alternative uses for the empty mines. One of the proposals is for a giant worm farm. We believe that these types of give-away of public money should be replaced with a policy of public investment and ownership in viable secondary manufacturing which will find useful work for the miners as well as the mine. What is needed is a commitment to create full employment policies and the political courage to pursue them.

We offer the following short-term policy suggestions:

1. (a) Immediate removal of the wage controls under the Anti-Inflation program retroactively to Oct. 14, 1975 with all components of negotiated wage increases restored to workers who suffered rollbacks or cutbacks.

(b) Withdrawal of Bill C-28.

(c) Strict imposition of price controls, on socially necessary commodities such as food, fuel, clothing & housing.
2. Institute immediate tax cuts by 15% on earned income under \$20,000. on an across the board basis, and increase all Social Security Benefits by 15% with consultation with other levels of government to effect necessary transfers of funds to municipalities and provinces.
3. Raise the minimum wage to \$4.50 per hour and index it to the Cost of Living. Adequate allowances in either subsidy or tax relief form should be provided to allow for the impact of such a change on small businesses .
4. Institute a massive public housing program at prices people can afford. Set mortgage rates at 6% and finance them from the Canada Pension plan.
5. Reduce the legislated work week from 48 to 40 hours and restrict the issuing of overtime permits.
6. Provide UIC benefits for the duration of unemployment.

7. Increase Canada and Quebec Pension plans by 2.5% per year until they reach 75% of the average industrial wage and gradually reduce the retirement age of 65 by 1 year of age per year for years.
8. Institute a two price policy for Canadian energy and institute an energy conservation policy.
9. Restore social services such as Children's aid. Daycare, education, etc., to meet the growing need for them.
10. Use 50% of the proposed 1.5 billion dollars to be spent in the next two years to defend Canada and Europe from "possible" threats to defend Canadians from the clear and present dangers and deprivations of unemployment.

We believe that this program would go a long way towards immediately relieving the present stagnation which holds down the Canadian economy. However, their effects are of a short term nature and must be reinforced with a long term Industrial Strategy to build a new and powerful Canadian economy capable of providing jobs into the next century. We therefore present the following guidelines for an Industrial strategy.

GUIDELINES FOR AN INDUSTRIAL STRATEGY

- (1) Place all natural and energy resources under public ownership and democratic control.
- (2) Utilize the income from these industries to finance a Canadian Development Fund.
- (3) The fund shall create secondary manufacturing in Canada to maximize employment in Canada through research and manufacturing of finished products in Canada, by either direct investment and public ownership or joint ventures with private corporations under public control.
- (4) Prevent any further takeovers of Canadian firms by foreign capital, and enact strict laws governing the actions of foreign owned companies in Canada, based on clear cut Canadian interest guidelines, such as increased buying of Canadian goods and services, providing maximum employment opportunities here, keeping profits realized in Canada here, under penalty of heavy taxation, and participation in the Canadian Development Fund.
- (5) Institute the 32 hr. week with no loss in pay.

Finally we propose these actions for Hamilton City Council:

1. Join with us in a joint delegation to senior government to call upon them to implement a full employment program. We appreciate your positions on the AIB and Treasurer McKeough's reversal of the Edmonton commitment. We call upon you now to join with Hamilton Labour in petitioning Queen's Park and Ottawa to put Canada back to work.
2. Call upon Queen's Park to revise the present tax sharing system to allow Hamilton to accept the immediate burden that will be falling upon her without raising property taxes.
3. Utilize opportunities presented by the Federal and Provincial governments in public works and housing to create new jobs. Stop transferring City employees into government programs, instead keep them working and use the programs to create new jobs.
4. Budget according to the needs of Hamiltonians.
5. Call on Queens Park to establish a property tax assessment that will put a fair share of the tax burden on the Corporations and off the homeowner and tennant.

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